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Progress of Professional accountancy, an address by C. W. Haskins, at a regular meeting of the Institute of Accountants held at the Fifth Avenue Hotel, New York City, June 27, 1901

Charles Waldo Haskins

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No. 315.

THE
PROGRESS OF PROFESSIONAL
ACCOUNTANCY.

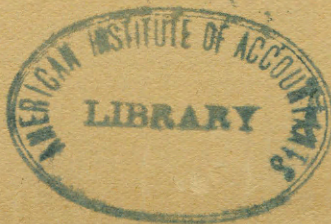
AN ADDRESS BY

C. W. HASKINS, C. P. A.,
DEAN NEW YORK UNIVERSITY SCHOOL OF COMMERCE,
ACCOUNTS AND FINANCE

At a regular meeting of the INSTITUTE OF ACCOUNTS held at
the Fifth Avenue Hotel, New York City, June 27, 1901.

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I believe I have never yet willingly declined a proper invitation to speak or to write in behalf of professional accountancy. Unwillingly, I have failed to be in two places at once; but time and opportunity permitting, what little influence I have—and my influence is neither more nor less than that of any other intelligent public accountant who gives himself up heart and soul to his work—is at the disposal of our common cause, whether to speak, write, teach, or in any other way advance the interests of our profession.

I mention this in the briefest way, without going into details as to how I have hurried over many hundreds, and in one case thousands, of miles to be present at some meeting of a young society of accountants, because I believe this duty is incumbent upon us all, and not upon a chosen few, to assume, in the spirit of public accountancy, the attitude, so far as in each of us lies, of public men.

In my last annual report to the New York State Society of Certified Public Accountants, I called the attention of my colleagues to the numerous calls coming from every direction, from organizations of every economic hue, for lectures, addresses, papers, remarks, after-dinner speeches in the line of information concerning accountancy; and I would urge here, as I urged there, the duty of letting our light shine.

The title-page of a great French encyclopædia bears a little picture of a man blowing a dandelion, and the legend "Je seme a tout vent"—or, as the Bible has it, "beside all waters." To sow in the wind, with the wind in your face, may not be so easy; but may be a duty. First is the fear that you can't fill the bill. Agassiz, the great naturalist, used to say of his first public address: "When I had spoken half an hour I had told them everything I knew in the world;" but as he kept on he learned the truth of the old say-

ing that "teaching is a second learning." "The knowledge gained by delivering lectures," said a speaker at a recent accountants' dinner at Birmingham, "is perhaps as valuable, or even more valuable, to the lecturer himself than to anybody else; because, however much a man may fancy himself master of a subject, he will find by the analysis and arrangement and expression of his thoughts that he acquires a greater knowledge of the subject than he ever had before."

Then there is the fear of an attack of stage fright. John B. Gough, a born orator if ever there was one, never faced an audience, up to the night of his death, without trembling from head to foot. No boy hesitates to "go in swimming" on account of the shock of the first plunge; or, if he does, he finds a fascination in overcoming the fear and hesitancy.

Then again there is a fear that we may not express our thoughts in exactly the right words. Archbishop Whately, in his little book on rhetoric, says that a good honest mistake of language is often of advantage in a public address; that it puts the audience in better sympathy with the speaker, and tends in every way to good humor and a feeling of equality—so long, that is, as there is a general conviction that the blunder is genuine and is not inserted for effect.

There is a sort of all-round fear that in some way circumstances may not favor our efforts. Napoleon could say: "If circumstances are not favorable to my undertaking, I will make some that are." But the honest citizen-accountant must be content to determine within himself that, circumstances or no circumstances, he will do his duty. We may always, however, have this for consideration: that the winds are not always in our face nor the waves always against us.

But the fear of fears is the dread of public opinion; an undue respect for Mrs. Grundy. And true enough it is that, labor as you may, and as disinterestedly as you will, you will not always be understood. If you tell what you have read or heard only, how can the critic be certain that you know for

sure what you are talking about? If you are eminently practical, or too busy to read much, and confine your remarks to your own experience, some good old soul will surely think you are exploiting yourself. Your motive will be known to yourself; your aim, the good of the cause, will be manifest; your example, let us hope, will show your friend the critic a worthier outlet of human activity than mere fault-finding.

All this about a professional propagandism, and our individual discouragements and encouragements as crusaders in the cause of accountancy, may seem a rather long introduction to a short address. It is not intended as an introduction at all; but as a very serious though necessarily brief suggestion of our public call to lend a hand in the progress of professional accountancy.

This important subject, the progress of professional accountancy, may be considered in two general aspects, a positive and a negative: positive, the progress we have actually accomplished; and negative, the advances we have failed to make, or the position to which we have not yet attained. And this order of thought would suggest not only a simple chronological or panoramic view of our professional advancement—as though history made itself and all we had to do was to look on;—but the moral and economic reflection that what we have gained in the past has a vital bearing on our future welfare, and that much of what we have left for the future to bring forth we ought ourselves to have brought to pass long ago.

Our inseparable connection, professionally, with the general business world, whose recent developments are the wonder of modern history, would justify the presumption that accountancy, as an art, as a science, and as a profession, is to-day the most perfect, or one, at least, of the furthest advanced, of all forms of human activity. The history of commerce is not only a series of views of human achievement unsurpassed by the boldest movements of armies or of

the most zealous devotees of religion; it is a continuous living picture of a steady and invincible march of human energy, not led, but followed, by the alertest policies of the nations of civilization. This nervous and irresistible exploitation and general advancement of material interests has been accompanied with an outlay of brain power, and the solution of knotty economic questions, and the introduction of innumerable inventions and improvements, all which, taken together, have put the business community in possession of the most perfect existing types of organization for the adaptation of means to ends. I make this assertion well knowing that not a few non-business organizations have been adduced from time to time as the ideally perfect exemplar of efficiency. An impartial study of the administrative machinery of the world will not fail, I think, to award the first rank, for power of accomplishment, to some of our modern business systems. And in view of the superiority of business methods in general, and of the vital relationship of business and accountancy in particular, one might naturally conclude that our profession, in all that constitutes it a profession, had arrived at a point of perfection not far from its *ne plus ultra*.

But if we have not yet reached our ideal vantage ground, other divisions of knowledge and activity, more or less necessary to the welfare of the business world, are much farther off from the acme of their high calling than accountancy is from its point of perfection. Pedagogy, for example, the very soul and centre of book-learning, has hardly a respectable-sized volume on the higher commercial education. Economics hardly knows as yet what to call itself or what is its real mission. Administration is almost unknown except as a kind of aggressive vandal from nobody knows where; as for a profession of administration, that is either unheard of or looked upon as a college dream. Professional accountancy, from the point of view of the man of affairs, is far ahead of these and many other branches of knowledge

intimately associated with the activities of commerce and finance.

The peculiar relation sustained by accountancy to actual business is of itself a guarantee of some fair degree of efficiency. While accountancy is not identical with economic administration, neither is it a mere more or less convenient or necessary adjunct. It is a kind of second self; distinct, yet as vitally indispensable as life blood to the pulsations of the heart. It cannot become, in the development of civilization, a straggler, as it were, to rest or march at will. It is a necessary part of the economic body; and with the whole body it has shared the effects of many general ailments and local disturbances of function. A true understanding of the progress of professional accountancy would seem to be largely dependent upon a recognition of this distinct identity of the science of accounts on the one hand, and of its close and inseparable connection with the development of commerce and finance on the other. With this recognition, we can piece together intelligently what scraps of the history of accountancy we may find, and can watch with interest the unfolding of an important profession; without it, there is little of order, of continuity, of development, or of other justification of our professional ambition.

I think we may now venture to say that professional accountancy was a development in its very inception; that is, that the progress of accountancy was a necessary progress into a profession. Professional accountancy is not the invention of an individual, but an outcome of the progress of civilization; the science upon which it is founded has had more or less of recognition for many ages; and various devices expressive of this science are traceable to the very confines of history.

Every once in a while a discovery is being made of some ancient accounting device, in which we have a vivid picture of the men of affairs of some one race or nation playing their game of accounts, without, perhaps, ever

dreaming that the bankers and merchants of other far-off lands are doing the very same thing in far different ways. The latest of these archæological finds are the inscriptions at Delphos, in which accounts of transactions in building material for the famous temple are carved on stones of different colors; white being used for receipts and blue-gray for expenses. In some such way, and possibly at the same time, knotted strings of different colors were employed in ancient America.

Some time since, a box of worm-eaten tally-sticks of the old Exchequer of England was discovered in a secluded corner of a London bank; and the old controversy was revived as to the origin of this cumbrous method of recording obligations. It seems to have been forgotten by the historians of the Exchequer that the tally was but one variety of a device long in use in many parts of the world. The tallies recently discovered were ninety-nine years' annuities, made out during the first twelve years of the eighteenth century—about two hundred years ago. Certain particulars were written in duplicate on two opposite sides of a stick of wood about a foot long; the monetary value was indicated by notches cut crosswise in a third side; then the stick was split lengthwise through these notches; and the debtor—in this case the Government—kept one part, and the creditor the other. When the creditor came again with his stick for payment, its mate was taken from the shelves of the treasury; and the cleavage exactly fitting, the notches exactly matching, and the written particulars on the two sides exactly agreeing, legal identification was complete and payment was thereupon made. The tally, used in every transaction of the old Exchequer, and to this day by many French bakers and others, differs from the simple scored stick in that the stick is split and divided between the debtor and the creditor; thus forming an absolutely safe record of monetary obligation. Now, as the colored stones of Delphos are in one important feature like the colored strings of pre-historic

America, so the fractured wooden receipt and voucher of the old Anglo-Normans differs in no essential feature from the torn paper check in use from time immemorial by the Chinese, the reputed inventors of paper. In the latter case, the record is written on one side of a piece of paper; the paper is torn in two; one-half goes to one party, the other to the other; and the identification consists in fitting the two pieces together.

The tally principle of identification has been long and widely known, and has given point to the folk-lore of many nations. The Arabic tale of "The Robber and the Juggler" is an example. An edition in fifteen volumes of the *Arabian Nights*, in the original, tells us that a woman of Cairo, reversing the polygamous order of Mohammedanism, had succeeded in getting two husbands all to herself, without either of them ever suspecting that he had a rival. The robber husband was always away at night, and at home during the day; and as the juggler was off on business all day, the two never met. One day, however, the robber told the wife that he was called away on a journey, and bade her prepare him a sack of food. She cut a cold shoulder of mutton in two, and gave him a half of it with his provisions. That night the juggler told her that he would be away from home for some days; and into his bag she put the other half of the cold shoulder of mutton. The strangers met by chance; chatted together along the road; sat down together in the shade to eat their luncheon; and the sharp-eyed juggler noticed that the gentleman of the road had the other half of his cold shoulder of mutton. Laid together, the two pieces matched exactly; and mutual questionings brought out an identification of town, street and number, and of the fair lady of the house of two masters.

This story of the mutton tally of Cairo is more than matched by the Spanish tale of the stolen pumpkins. It is found in the writings of Pedro de Alarcon; and is known as "The Account Book of Old Buscabeatus." This honest old

gardener, missing, one morning, his forty favorite pumpkins, jumps in a towering rage aboard the market-boat and turns up in Cadiz swearing that he can prove ownership there and then to forty beautiful fresh pumpkins exposed for sale at a vegetable-stand. Before the astonished keeper of the stand, the policeman, the inspector of markets, and a crowd of curious onlookers, including a slouchy neighbor who has just sold the forty pumpkins and is now trying to get away, good Buscabeatus takes from a handkerchief forty fragments of pumpkin stalks, dripping with their sap. "These," he says, "are my account book; the account book of my garden; like the big green book of the tax man, from which he tears out your receipt and leaves the stub to prove its genuineness. These stubs were attached to my pumpkins before they were stolen by this man that you bought them from, my friend. See!"—and beginning to fit the peduncles to their fruit, he continues:—"This one belongs to this; and this to that one;" and so on. And as he proceeds, conviction becomes universal; even the inspector helps him to fit his forty little pumpkin stalks into the hollows of the pumpkins. The slouchy neighbor is arrested and forced to return the market man his fifteen dollars, which are handed over to Buscabeatus, who departs highly delighted with the efficiency of his pumpkin-tally account book.

As we readily recognize the essential point of resemblance in the different varieties of the tally, whether in mutton, pumpkins, wood or paper, as well as in the colored stones of Greece and the colored strings of Peru; so it is not difficult to find the similarities of feature and of use belonging to other such ingenious devices of the counting-house. And grouping all these contrivances according to various correspondencies, allowing for local limitations, and aided by such fitful history of commerce as we possess, we may detect, without a very great stretch of the imagination, the footsteps of a hesitating advance towards a recognized science of accounts.

Commercial arithmetic comes creeping along to lend its aid in the establishment of this independent science. Crude counting apparatus, in the shape of frames, and knotted strings, and grooves in the sand, and boards, and tables, help along the cumbersome old notations of the traders up to the full adoption of the decimal system; after which some of them still hang on as pensioners for the sake of old times.

The establishment of the decimal system laid the foundation for the introduction of true bookkeeping. Modern bookkeeping would have been impossible of accomplishment under the old Roman or any other unscientific system of notation. To multiply by a checkered tablecloth, and to express mathematical logic on a sheepskin by means of three or four letters of the alphabet unevenly put together, might have been an art, but it was not a science. The Oriental system of notation and numeration, and the making of paper books, rang the knell of this old machinery of commerce, and heralded a finer art, capable, at least, of expressing the every-day language of a true science.

The development of accountancy has been more or less hindered as accountants have failed to distinguish between the art and the science. For a long time after the introduction of true bookkeeping, the multitude of writers on accounting devoted themselves almost exclusively to ringing the changes on bookkeeping; each, as a rule, desirous of promoting his own pet scheme. How narrow was this general view, how far short of taking in the horizon of the art, to say nothing of the bounds of the science, may be seen in the organization of many of our great establishments of to-day; where—as in the case of the modern railroad—the system of accounts is so infinitely specialized as almost to have done away with “bookkeeping” entirely. “Except the general bookkeeper,” says the author of *Educational Training for Railway Service*, “very little knowledge of bookkeeping is required.” To speak of accounting as a science, assuming at the same time that bookkeeping is about all there is of it,

and hingeing all its interest upon, say, the relative merits of double and single entry, is somewhat suggestive of Buffon's "Essay on Moral Arithmetic," in which all weight of testimony, degrees of probability, relations of resemblance, inconveniences of risks, and even the value of our hopes and fears, were to be made amenable to arithmetical rules.

The art of account-keeping, in books or on brick or wax tablets or with papyrus rolls or Exchequer machinery or what not, is not unlike the seaman's taking his soundings and bearings and noon-day observations, and keeping his log-book straight; which may often be accomplished, in passable measure, without scientific knowledge. Accountancy itself, in the light of science, is the economic counterpart, not of log-keeping, but of the science of navigation; a science based on astronomy and a hundred other branches of universal philosophy. Neither navigation nor accountancy is any the less a science on account of the routine of its daily balance or bearing; both alike find their way to the unknown over seas that are trackless and ways that, as Bill Nye says, are often "devious."

While it is true that the great mass of books written for the perusal of the accountant have been little more than mere manuals of bookkeeping, it must not be forgotten that the worthier and more celebrated writers on accountancy, especially in Italy, from Pacioli to Cerboni, have distinctly recognized it as a true science; and that to them we are indebted for much of the orderly development by which the way was smoothed for the introduction of an independent learned profession. Logismography, indeed, the crowning work of Cerboni's life, is believed by many to be the highest development of which bookkeeping is capable. Professional accountancy, however, is, in the highest sense, a child of evolution; an outcome of economic development. Given the existence of a science of accounts unfolding side by side with the progressive opening up of commerce and finance, and accountancy, in the modern professional acceptance, was a

foregone fact; an impending reality of civilization. The progress of accountancy has consisted not so much—if at all—in the discovery of new principles as in the development of those already at work in the devices and economic appliances and reasonings of the bankers and merchants of former times. And as we look back upon the ingenious methods by which our forefathers handled the accounts of their rough-and-ready commerce as we handle the complicated accounts of our highly organized systems of trade by more philosophical methods, we are constrained to say with our German friends that surely “*hinter dem berge sind auch Leute.*”

Our progress, again, since we became a profession, has been a series, not of inventions and discoveries, but of advances in antagonism to our own apathy, weakness and ignorance. Professionally, we should have had a precarious and almost incoherent existence had we been satisfied to allow the course of events to grind us out a trade of expertism of one kind and another; and that we have attained to recognized unity of character and have established a distinct and honored calling in the very heart of modern affairs, is due to our having assumed the spirit and attitude of a brotherhood and to our having organized for mutual and general advancement as a profession. And in so far as we have worthily sought the advancement of our young profession, to that extent, and to that only, allow me to suggest, is there a profession of accountancy.

And as by unity we have secured a professional character and tone, so by the procurement of legal enactments we have sought to surround the profession with requirements in the interests of the business world. Every legislative act thus far passed affecting professional accountancy is the result of our own initiative, and has for its object the guarantee of efficiency. A standard is set, a test is provided, a punishment attaches to practising under false colors. New York led the way with the Certified Public Accountants' Act of

1896; Pennsylvania followed in 1899; Maryland in 1900; California in 1901; and attempts have been made to secure similar legislation in Illinois, New Jersey, Minnesota, Rhode Island, and other states. It is required by a law of 1901 that one of the two commissioners of accounts of New York City shall be a certified public accountant; and recent state laws, especially the laws of Wyoming and North Dakota, require the establishment of a uniform system of accounting for public funds. Thus it may be seen that the growing influence of professional accountancy is emphasizing the moral value, as a recent writer has it, of being watched.

A very happy indication of present progress, as seen in the light of accountancy, is the recent recognition of the profession by one of the great universities of the world; resulting in the establishment of the first, and as yet the only, university college of accountancy. Economics is taught in several universities; and the present movement for the higher commercial education has brought about the foundation of a number of special departments and schools in European and American universities; and in some of these there are courses in accounting. The New York University School of Commerce, Accounts and Finance, however, is the only one of these in which accountancy is distinctly recognized as one of the learned professions. This school is professional throughout its courses; and accountancy is taught by a corps of professional and scientific accountants, assisted by special lecturers in commercial law.

We have now followed, in a very general way, the progress of accountancy from primitive conditions dependent upon ingenuity, into a profession founded upon a recognized science; and on to the further progress of the profession itself, fraternal, legal and educational, along with the progress of our wants; and this may fairly lead us to our want of progress. Every science has, like geography, its *terra incognita*; like astronomy, its undiscovered planet. The Apostle Paul found among the gods of the Athenians an

empty pedestal awaiting "the unknown deity." We have made, as we have seen, some progress; we shall yet advance, let us hope, a good deal farther as the world moves on. A brief mention of certain conditions of this farther progress may not be out of place:

First, more costly experience on the part of the business world. Some years ago, when railroad accounting was about as bad as it could be, and the companies were robbed right and left, a few of them, followed by others in increasing numbers, set themselves to study out the problem; with the result that to-day no administrative feature in the world is safer than the accounting methods, including the independent professional audit, of most of our great railroads. The time will come, doubtless, when the accounting methods of our banks will be models of perfection; but not, I fear, until several others have invested in the experience recently purchased at a high premium by the First National of New York.

Second, a broader conception, on our part, of our field of professional activity. Professional accountancy has a vocation; and its mission is as wide as the economic world. Merely to go as we are called, do our bit of work, collect our fee, and get away, is retrogression, not advancement; and the advancement we have made is proof that we have no sympathy with the mean and the sordid. It is as incumbent upon us to look after the general welfare as upon the medical profession to study the general health. True, certain portions of the field of accountancy are gloomy and forbidding; good places, as Mark Twain would say, "to come from." Government accounting, for example, has been looked upon, like the famous "Bad Lands" or *Mauvaises Terres* of the West, as dangerous ground; and municipal accounting is almost universally considered swampy and infectious. Alexander the Great being asked why he did not hoard up money in a public treasury, answered, "For fear lest, being keeper thereof, I should be

infected and corrupted." If it be true that the whole atmosphere of public finance is miasmatic, the more need is there of the scientific work of the independent profession whose very constitution renders it immune. But the condition may not be as bad as pictured. A writer in the *North American* has said that "the business affairs of the people have been conducted more scrupulously and more accurately than the private business of commerce. There have been," he continues, "fewer defalcations and fewer rascalities in office, in proportion, than in private life." And he bids us name the politicians who, of those that have filled six thousand Congressional seats in thirty years, have proved dishonest and have made money and fortune trafficking in the public name and honor; contending that where one has been found unworthy, twenty have served their country for a third of the return which they could have gained in business or professional life. Be all this, however, as it may, the public treasury is an immense counting-house, and the monetary importance of government places the business methods of every public office, from the executive departments at the national capital to the town hall of the smallest municipality, well within the legitimate sphere of professional accountancy.

Third—and the last condition of progress to which I venture to refer, in closing—is a code of professional ethics. A kind of brotherly etiquette, a politeness of the fraternity, is evolved in the development of all professional life. This mutual consideration is founded in morality and the sense of honor, and can never fail to find spontaneous expression. Crystallized into a code of professional ethics, it shines an honor to the fraternity, a guiding light to the halting, and a sign or announcement of enlightened policy to the world. The physician who may set out to underbid his brethren or crack up his individual skill as a healer, is a quack to those of fine perception, and is so announced by the code of medical ethics to all others whom it may concern. The rule of dental ethics whereby the professional announcement is

limited to a modest card, is the outcome of honorable opposition to selfish, low braggadocio. Magnanimity is of the very essence of professional vitality; and in the case of accountancy, its connection with the self-interest of economics is particularly representative of the great system of checks and balances by which this world is so largely governed. A system of professional conduct, founded upon our moral obligations to one another and to our clientele, will immeasurably enhance our self-respect, our value, and the esteem in which we are already held in the world of affairs; and I think we may safely predict the adoption by our profession, in the no very distant future, of a code of ethics abreast of those of the legal and medical fraternities. Accountancy is a progressive science; the trend of professional accountancy is upward; we have evidently heeded the counsel of Ralph Waldo Emerson and have "hitched our wagon to a star."

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